BRITISH COLUMBIA

BC STATS Infoline

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tel (250) 387-0327
fax (250) 387-0329

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highlights

a weekly digest of recently released British Columbia statistics

Economic Growth

- **British Columbia's economy grew 2.2% in 1997, after increasing 1.1% in the previous year.** The growth in real GDP was due to a 3.7% increase in final domestic demand–a measure of total purchases by individuals, businesses and governments on goods and services consumed within the province. Offsetting these gains was a worsening of the trade deficit. Export growth of 4.6% was swamped by a 10.2% increase in imports. On a per capita basis, real GDP in BC was 0.2% higher than in 1996, at $25,039.

  Source: Statistics Canada

- **BC continued to trail behind other regions in 1997.** The province's 2.2% growth rate was below the national average (3.8%) for the third straight year. The Atlantic provinces and Yukon (where the economy contracted 7.9%), were the only regions with slower growth. Alberta led the pack, with its economy growing 6.5%, nearly double the national rate. Saskatchewan (5.2%) and Ontario (4.5%) were the other top performers. *Source: Statistics Canada*

- **Business investment in BC increased for the first time since 1994, growing 8.1% overall.** Despite the turnaround, investment growth was well below the national average (+14.1%). Seven of the twelve regions posted double-digit gains ranging from 13.9% in Yukon to 27.1% in Nova Scotia. *Source: Statistics Canada*

- **Governments continued to hold the line on spending, with purchases of goods and services rising only marginally (+0.8%).** Government investment in non-residential structures and machinery was down 15.5% in 1997.

  Source: Statistics Canada

- **Growth was concentrated in the service sector, which produces three-quarters of the province's total GDP.** Service-producing industries advanced 3.3% last year, with wholesale trade (+7.0%) and business services (+6.9%) leading the way. GDP increased in all service industries except government services (-2.0%), where GDP declined for the fourth straight year, and communications and utilities (-1.3%).

  In the goods-producing industries, GDP was down 0.7%. A major factor in this decline was weakness in the forest sector (logging (-8.1%), wood (-3.2%) and paper (-4.1%) manufacturing), However, total manufacturing GDP was up 1.1%, and the construction industry grew (+1.3%) for the first time since 1994.

  Source: Statistics Canada

Personal Income

- **After adjusting for inflation, per capita after-tax income in the province declined 2.3% in 1997, falling to $16,515 per person.** Nationally, after tax income fell 1.8%, to $16,056. Yukon ($19,921), Ontario ($17,111) and Alberta ($17,071) were the only regions where after-tax incomes were higher than in BC.

  Source: Statistics Canada, BC STATS

- **Despite the decline in income, British Columbians spent 4.3% more on purchases of goods and services in 1997, and as a result the province's savings rate fell to -1.6%.** This suggests that consumers are dipping into their savings or borrowing in order to pay for their purchases. British Columbians were not alone in doing this: savings rates were also negative in Saskatchewan (-7.8%), Nova Scotia (-2.5%) and

Report **The rise and fall of bankruptcies**

Did you know...?
In 1995, judges were the most highly paid workers in Canada, with average incomes of $126,246. Babysitters, nannies and parents' helpers earned the least ($12,713).

Alberta (-0.3%), and the Canadian savings rate dropped to 1.8% last year. *Source: Statistics Canada*

The Census: Income and Earnings

- **The average income of men in British Columbia declined between 1990 and 1995, but women in the province were better off in 1995 than they were five years earlier.** BC and the two territories were the only provinces where women made gains. The average income of BC women increased 1.0% between 1990 and 1995, rising from $19,835 to $20,028. During the same period, the average income of Canadian women fell 2.1%, from $19,630 to $19,208. Ontario ($21,048) and the two territories were the only regions where women received an average income higher than in BC.

  Men in British Columbia received an average income of $32,457 in 1995, down 7.6% from $35,116 in 1990. Nationally, the income of males declined 7.8%, to an average of $31,117. Men in NWT ($33,747), Ontario ($33,599) and Alberta ($33,129) had the highest incomes in the country. BC's ranking was fourth among the regions.

  Source: 1996 Census of Canada

- **BC residents working full-time, full-year saw their earnings increase 1.2% during the period from 1990 to 1995.** Yukon (+2.7%), Saskatchewan (+0.9%) and Ontario (+0.1%) were the only other regions where full-time workers made gains. Nationally, the earnings of full-time workers fell 0.3% between 1990 and 1995.

  The earnings of women employed full-year, full-time in the province rose 6.8%, more than in any other part of the country, and almost double the national average (+3.6%). During the same period, the average earnings of males working full-time decreased 0.2%, from $44,985 to $44,784.

  Source: 1996 Census of Canada

Prices

- **British Columbia's consumer price index (CPI) was 0.2% higher in April than in the same month last year.** With the exception of PEI, where prices declined 0.6% overall, the province's inflation rate was the lowest in the country. In Victoria, prices increased only marginally (+0.1%), but Vancouver's inflation rate was slightly higher, at 0.5%. Nationally, prices advanced 0.8%. *Source: Statistics Canada*

Housing

- **The cost of new housing in British Columbia continued to decline in March, falling 4.4% (year-over-year) in Vancouver and 3.9% in Victoria.** Nationally, the new housing price index was 1.0% higher than in March 1997.

  Source: Statistics Canada

Greenhouse Sales

- **During 1997, greenhouse sales in British Columbia increased 13.1% to $278.7 million**. BC's greenhouse industry is the second-largest in the country, after Ontario, where sales totalled $534.7 million last year. Floriculture and nursery sales have accounted for about a third of BC's total farm crop receipts since the late 1980s. This compares to just 5% of the total in 1971. Canadian greenhouse sales passed the $1 billion mark for the first time ever in 1997.

  Source: SC, Cataogue 22-202-XPB

- **Flowers and plants account for more than two-thirds of total sales by greenhouses in BC.** While most of the flowers and plants grown in BC greenhouses are destined for sale to Canadian retailers and wholesalers, about 6% ($11.3 million) are exported. Last year, BC's exports of flowers and plants increased 62%. Canadian exports were up 32%, largely due to increased sales of potted plants to the US.

  Source: SC, Catalogue 22-202-XPB

Tourism

- **The number of visitor entries to British Columbia from the US and overseas was 6.4% higher in March than in the same month last year.** Entries from the US, increased at double-digit rates for the fifth straight month, growing 12.5% in April. Same-day trips rose 14.4%, while overnight trips were 10.4% higher than twelve months previously. However, entries from other countries were down 17.4%, due to a 28.0% decline in visits from Asia and a dip in entries from Europe (-2.2%).*Source: Statistics Canada*

highlights, Issue 98-19
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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

Infoline Report:

Business Bankruptcies Ease With Low Interest Rates, But Consumer Bankruptcies Continue to Climb

May 15, 1998

Originally published in 4th Quarter 1997 issue of *Small Business Quarterly*. Annual subscription is $60 + GST

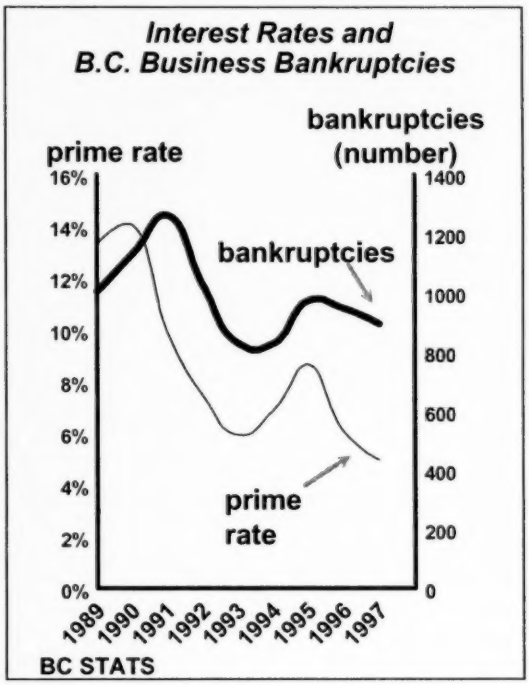
Bankruptcies statistics have presented a good news – bad news story during the second half of the 1990s. On the one hand, business bankruptcies have declined as interest rates have dropped to the lowest levels in decades. But, on the other, consumer bankruptcies have been rising strongly since 1993.

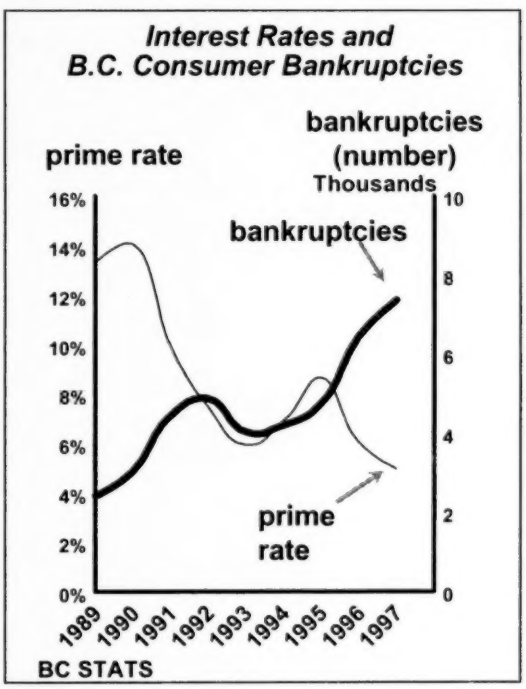
Business bankruptcies in British Columbia fell from 1,128 in 1990 to 895 in 1997, as the prime rate dropped from 14.06 per cent to 4.96 per cent. Business bankruptcies are those in which more than 50 per cent of the liabilities were incurred to build or operate a business. They include corporations, but more often they are individuals operating their own businesses as individual proprietorships or partnerships. The great majority of these businesses are small.

The decline in numbers of business bankruptcies is all the more significant for having come at a time when so many more businesses have been established. There was a net increase of 88 thousand in the number of micro businesses created between 1992 and mid-1997. These are operations involving only a single working owner with no employees. The numbers of larger businesses also rose, although less strongly. Businesses with between 1 and 9 employees increased by 13.7 thousand. There were another 5.0 thousand additional businesses with between 10 and 19 employees; and 2.7 thousand with 20 to 49 employees. Large businesses, those with 50 or more employees, rose by one thousand.

Other things being equal, low interest rates should also have reduced the number of consumer bankruptcies. Consumer bankruptcies are those in which most liabilities were incurred for personal expenditures such as cars, clothes, houses, education or entertainment. Yet consumer bankruptcies rose strongly in British Columbia between 1990 and 1997, from 3,043 to 7,366

This surge of consumer debt problems is by no means unique to British Columbia. Similar increases in numbers of consumer bankruptcies have been reported elsewhere in Canada and the United States. Reasons often cited are poor individual debt





BC STATS, Min. of Finance & Corporate Relations, Box 9410 Stn Prov Govt, Victoria, BC V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BC.Stats@gems8.gov.bc.ca

management and long term employment difficulties problems in the difficult job market of the 1990s.

Some commentators argue that too easy access to credit through credit cards and retail 'buy now pay later' plans has also contributed by encouraging out of control personal borrowing.

Student loans have also been argued as an important factor. An estimated one in five consumer bankruptcies list student loans among the liabilities involved.

Per capita bankruptcy rates vary considerably by province. For example there were 3.49 consumer bankruptcies per thousand people in Alberta during 1997, but only 1.88 per thousand people in British Columbia.

British Columbia's business bankruptcy rate was the lowest of any in Canada. Its 0.23 business bankruptcies per 1,000 people compared with a national average of 0.40 per thousand.

However, these comparisons should not be taken as reflecting the relative strength of provincial economies. Bankruptcy rates are influenced by regulations determining the value of personal assets exempted from seizure and sale in a bankruptcy, and these vary from province to province. The regulations produce more or less disincentive to declaring bankruptcy from one province to the next. In Alberta, for example, bankrupt people have been able to exempt up to ten times the value of property allowed in British Columbia. Not surprisingly, bankruptcy rates have been considerably higher in Alberta.

	Consumer Bankruptcies Per Thousand People	Business Bankruptcies Per Thousand People
B.C.	1.88	0.23
Alta	3.49	0.51
Sask	1.76	0.35
Man	2.43	0.26
Ont	2.77	0.29
Que	3.63	0.62
NB	1.53	0.43
PEI	0.75	0.54
NS	2.56	0.71
NFLD	1.90	0.31
CANADA	2.82	0.40

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This relationship could shortly change. The British Columbia Court Order Enforcement Act was amended last year to increase the value of personal property that can be exempted from $2,000 to a maximum of $31,000, effective May 1, 1998.

It may be that this will lead to an increase in consumer and business bankruptcy rates for British Columbia beginning in May. Some people may be delaying declaration of bankruptcy during early 1998 in order to take advantage of the new, more generous exemption limits taking effect May 1.

Certainly it could be some months after that before it will again be possible to read much economic significance into the rise and fall of bankruptcy rates in British Columbia. ❖

Recent Feature Articles Listed By Release Date

January 1998: *Co-operative Movement Grows Steadily In British Columbia*

September 1997: *Doing Our Thing In Lotusland – The New Self-Employed In British Columbia*

August 1997: *Immigrants Boost Self-Employment In British Columbia*

April 1997: *More British Columbia Companies Shift Corporate Charters to Alberta and Ontario*

March 1997: *Changes in Business Confidence Expressed In Numbers of New Incorporations*

October 1996: *Bankruptcies Rise With Self-Employment and Mounting Consumer Debt Loads*

July 1996: *Counting the Business Community in British Columbia*

March 1996: *Different Problems Faced By Large and Small Manufacturers*

February 1996: *Less Credit Extended in Small Business Loans*

December 1995: *British Columbia Shows Highest Business Turnover Rates in Canada*

November 1995: *New Incorporations Decline in Mid-Year, As Formations of Unincorporated Businesses Increase*

BC STATS, Min. of Finance & Corporate Relations, Box 9410 Stn Prov Govt, Victoria, BC V8W 9V1
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BC at a glance . . .

POPULATION (thousands)	Jan 1/98	% change on one year ago
BC	3,950.7	1.7
Canada	30,425.3	1.0
GDP and INCOME		% change on
(BC - at market prices)	1997	one year ago
Gross Domestic Product (GDP) *($ millions)*	109,347	3.3
GDP *($ 1992 millions)*	98,201	2.2
GDP *($ 1992 per Capita)*	25,039	0.2
Personal Disposable Income *($ 1992 per Capita)*	16,381	-2.2
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Feb	2,828	-3.9
Merchandise Exports (raw) Feb	1,905	-14.3
Retail Sales (seasonally adjusted) Feb	2,636	-2.6
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Apr '98	one year ago
BC	109.8	0.2
Canada	108.3	0.8
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Apr '98	one year ago
Labour Force - BC	2,035	1.4
Employed - BC	1,847	1.2
Unemployed - BC	188	3.1
		Apr '97
Unemployment Rate - BC *(percent)*	9.3	9.1
Unemployment Rate - Canada *(percent)*	8.4	9.5
INTEREST RATES (percent)	May 13/98	May 14/97
Prime Business Rate	6.50	4.75
Conventional Mortgages - 1 year	6.55	5.40
- 5 year	6.95	7.50
US/CANADA EXCHANGE RATE	May 13/98	May 14/97
(avg. noon spot rate) Cdn $	1.4444	1.3853
US $ *(reciprocal of above rate)*	0.6923	0.7219
AVERAGE WEEKLY EARNINGS		% change on
(industrial aggregate - dollars)	Feb '98	one year ago
BC	614.83	1.2
Canada	608.36	2.3

SOURCES:
Gross Domestic Product: Statistics Canada, revised by BC STATS
Population, Trade, Prices, Labour Force, Earnings: Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

Maps on our Internet site

BC STATS is proud of the amount of small area data that we are able to provide to clients. Much of the data is freely available through our Internet site. In addition we have provided there a number of maps, by various administrative boundaries. By cross-referencing the data and the map you may increase your understanding of the information. We have provided a number of links to specific maps and two main routes from the home page to the section that contains the maps:

1)

Subject Areas ⇨ **Data Services**

Then choose ● Geography & Maps

Then Administrative Boundary Maps

● Please click here

2)

Subject Areas ⇨ **Population**

Then choose

Geo-referencing

Then choose Administrative Boundary Maps

Released this week by BC STATS

- Labour Force Statistics, April 1998
- Earnings & Employment Trends, February 1998
- Small Business Quarterly, First Quarter 1998
- Consumer Price Index, April 1998

Next week

- Tourism Room Revenue, January 1998

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